



# GLOBAL PENSIONS Awards 2008



**Securities lending manager  
of the year:**

**eSECLENDING**   
SECURITIES FINANCE TRUST COMPANY

# Securities lending manager of the year: eSecLending

## Judges' verdicts

**"As securities lending increases in importance for pension funds, eSecLending is well positioned to provide them with everything they need"**

**"eSecLending provides an investor-friendly and transparent service in a complicated financial industry"**



## Extract from original submission

eSecLending is a global provider and administrator of customised securities lending programmes. Our model offers beneficial owners customised solutions that provide clients with greater transparency and higher returns as compared to traditional lending structures. Our approach also provides clients with greater control over their programmes, allowing them to more effectively monitor and mitigate risks. We view securities lending as an investment management activity and have built our programme to incorporate investment practices such as the use of specialists, multiple-man-

agers, unbundling, price transparency and competition. Our approach has attracted some of the world's largest and most sophisticated asset gatherers, including pension funds, mutual funds, investment managers and insurance companies.

eSecLending offers full service securities financing solutions, including trading, risk management, operations, reporting, collateral management and legal/compliance. In our programme, each client is treated as a separate book of business, rather than being combined with other assets in a traditional pooled lending structure. This approach pro-

vides our clients with greater transparency, higher levels of service, and more control over their programme.

Managing over US\$500bn in lendable assets and over \$120bn on loan, we are one of the largest lending agents in the market. We are estimated to manage approximately 20% of the securities lending exclusive market globally and have auctioned over \$1.5trn in assets across all lendable assets classes since inception. We manage over \$50bn in cash collateral assets under management for our clients across separate account and commingled products.

### Contact and corporate details

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Christopher R. Jaynes, CFA  
President

Christopher serves as president of eSecLending and is a member of the firm's Executive Committee. His primary responsibilities within the company are product strategy and execution, which includes oversight of the company's global trading, collateral management, business development and relationship management with clients and borrowers. He is one of the founding members of eSecLending and was part of the team that developed the auction model and built the firm's service capabilities. Prior to eSecLending, Christopher served as senior vice president at UAM Global Securities Lending. Before that, he served as vice president and compliance officer for UAM Trust Company and as a client service manager at State Street Bank. Chris is a CFA charter holder and received his Bachelor of Science from the University of Vermont.

## Interview

### 1. What does it mean to win this award?

eSecLending is honored to be named Global Pensions securities lending manager of the year for 2008. We are grateful for the partnerships we have been able to build with our global pension fund clients over the years and are thankful for the trust and confidence they have placed in our organisation. eSecLending was created to offer institutional investors an alternative solution to traditional custodial lending programmes in order to provide clients with greater transparency, higher returns, and enhanced levels of service. This award is recognition that our pension fund clients have seen the benefits of our approach and the firm has established itself as one of the leading providers in the industry.

### 2. How will this influence your objectives for the year?

Our objectives for the year will remain the same. We will continue to work diligently to meet the changing needs of our global client base in 2008 and beyond, and we will strive to broaden and improve our service offerings across all areas of the business. We will continue to partner with our clients to identify and build solutions to enhance their securities lending programmes

and provide new solutions for our clients as the market continues to evolve.

### 3. How do you see your market evolving in 2008?

The fundamentals of the securities lending industry are strong and we are confident that the market will continue to grow due to the increasing demand to borrow securities to support sophisticated investment management, hedging and derivative strategies. Demand will also be fueled by the significant growth of long/short strategies over the next few years. We expect to see a continued and accelerating trend towards the unbundling of securities lending from custody as more beneficial owners view lending as an investment management and trading decision. Given this change in view, beneficial owners are increasingly demanding greater transparency and more comprehensive risk management and reporting tools so that they can better measure and monitor the performance of their programmes.

### 4. What do you think the key issues are for your pension fund clients in 2008?

The recent credit and liquidity events in the market have caused beneficial owners to place an increased emphasis

on risk management across both the lending and cash collateral reinvestment portions of their programmes. Beneficial owners have experienced record earnings during the past few quarters since the credit and liquidity crunch began due to increased spreads on both the intrinsic and reinvestment sides of their programmes, but there has also been an increased focus on liquidity and counterparty risks due to the market volatility.

Clients are seeking more information from their lending agents so that they can better understand and evaluate the risk, returns and exposures in their programmes. More beneficial owners want to see where returns are being generated from, and understand what risks they are taking to achieve these returns. They are also seeking greater transparency on the performance of their agents and want to ensure that earnings are being allocated appropriately and not subsidising other clients' accounts. As beneficial owners increasingly view securities lending as an investment function, they expect to have better data available to review all aspects of their programme including returns, risk factors and relative performance information to better understand and monitor their lending activity.

# About the awards

A truly global awards event, the Global Pensions Awards allows our international readership to acknowledge the best of the best within the pensions industry.

An exhaustive process was undertaken to come up with the nominees and winners. Just to have made it onto the shortlist shows that an organisation has been recognised as a leading brand by pension funds from around the world.

The whole process started six months ago when *Global Pensions* emailed all of its 8,500 pension fund readers and asked them to nominate one provider for each of the categories. From this, the shortlist of nominees was drawn up and each nominee was then invited to provide a brief submission, explaining why they thought they should win.

These submissions were then passed to the distinguished panel of international judges, made up of key decision makers within pension funds and their consultants, to cast their votes.

The votes were collated by *Global Pensions* and as a result we have the winners.

I would like to extend my thanks to all the judges who gave up their time for the awards. Given that there were over 150 nominees across 25 categories, there was a significant amount of work to do.

I would also like to thank the pension funds that voted, the nominees and our sponsors, without whom the *Global Pensions Awards* would not be possible.

Alex Beveridge  
Editor

